

Since China lost its self-sufficiency in oil supply, China's concern about oil supply and energy security has become widespread<sup>21</sup>. In this context, Muhamad S. Olimat argues that China's continuing growth and modernization is dependent finding and securing oil supplies<sup>22</sup>. China has three oil corporations through which it ensures that national energy security interests are secure: the China National Petroleum Corporation (CNPC), the China Petrochemicals Corporation (Sinopec), and the China National Offshore Oil Corporation (CNOOC)<sup>23</sup>. With the Middle East's rich oil reserves, which make up over 60% of the world market<sup>24</sup>, China's energy security and oil strategy are intrinsically linked to the region.

#### IV. CHINA'S EQUITY OWNERSHIP STRATEGY

To ensure steady oil supply, China has applied an equity ownership strategy: Chinese companies have tried to seek equity shares in oil projects abroad, hoping that this would allow them to have more control over oil flows and possibly reduce supply interruption<sup>25</sup>. In the Middle East, China's first upstream investment and acquisition were made in Iraq. Since then,

China has been consistently investing in the oil sector, including engineering and drilling in Gulf Cooperation Council (GCC) states, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The China Petroleum Engineering and Construction Corporation (CPECC) started to get involved in Kuwait and Iraq in 1983 through subcontracts whereas the Great Wall Drilling Company (GWDC) captured drilling opportunities in Egypt, Qatar, Oman, and other parts of the Middle East<sup>26</sup>. Qatar, the largest liquefied natural gas producer, recently strengthened a strategic partnership with China, including its participation in China's Silk Road Economic Belt; Kuwait has had strong economic ties with China since the 1970s (Sager, 2010); Oman has received \$600 million from Chinese investments in several sectors, including oil, petrochemicals, upgrading oil transportation's efficiency<sup>27</sup>.

In North Africa, China has more or less applied similar strategies. China started its "going out strategy" to Africa in the late 1990s<sup>28</sup>. In Africa, China has been involved at many levels through the Chinese Communist Party, which created multiple institutions specialized in African matters, involved agents of the party on the ground, ensured consultation with both central and local governments (when seen necessary), and even attempted to create bounds with some African civil society groups<sup>29</sup>. Through official partnerships such

Review Commission. 2016, Pg 5-7 available at: [https://www.uscc.gov/sites/default/files/Research/Chinas%20Response%20to%20Terrorism\\_CNA061616.pdf](https://www.uscc.gov/sites/default/files/Research/Chinas%20Response%20to%20Terrorism_CNA061616.pdf)

<sup>21</sup> Hongtu, Z. (2010). "China's Energy Interest and Security in the Middle East." In *China's Growing Role in the Middle East: Implications for the Region and Beyond*. Eds. A. Sager and G. Kemp. Washington, DC: The Nixon Center. (2010)

<sup>22</sup> Olimat Muhammad S., *China and the Middle East: From Silk Road to Arab Spring*, Reprint Edition, New York, Routledge, 2015. Pp. 68

<sup>23</sup> Meidan, M. (2016). "The structure of China's Oil Industry: Past Trends and Future Prospects." *The Oxford Institute for Energy Studies*, WPM 66: 1-55. (2016)

<sup>24</sup> Sun, D. (2011). "Six Decades of Chinese Middle East Studies: A Review" *Bustan: The Middle East Book Review* 2: 22. (2011)

<sup>25</sup> Alterman, J. and Garver, J. *The Vital Triangle: China, the U.S., and the Middle East*. Washington, D.C.: CSIS Press. (2008)

<sup>26</sup> Hongtu, 2010; Romano, G. C. and Jean-François Meglio (2016). *China's Energy Security: A Multidimensional Perspective*. Routledge Contemporary China Series. (2016)

<sup>27</sup> Sager, Abdulaziz. 2010. 'GCC-China Relations: Looking beyond Oil-risks and Rewards', in Abdulaziz, Sager, Geoffrey, Kemp (eds), *China's Growing Role in the Middle East*. Washington, DC: Nixon Center, 2010, Pp. 1-22.

<sup>28</sup> Zhao, H. "China's Oil Venture in Africa." *East Asia* 24. (2007), Pp.401.

<sup>29</sup> Raine, S. *China's African Challenges*. London: Routledge.2009, Pp 54